

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 FEA-01 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01

XMB-04 OPIC-06 LAB-04 SIL-01 PA-02 USIA-15 PRS-01

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R 231536Z DEC 74

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 1994

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY PARIS

UNCLAS BEIRUT 15288

E.O. 11652: N/A

TAGS: EFIN, ENRG, SA

SUBJEC5 PETRODOLLARS: YAMANI MUSES ON DEFERRED PAYMENT,
DOWNSTREAM INVESTMENT.

1. ACCORDING TEXT CARRIED DEC 20 MIDDLE EAST ECONOMIC
SURVEY (MEES), SAUDI OILMIN YAMANI TOLD ZURICH AUDIENCE
IN A DEC 10 SPEECH THAT FUTURE PRODUCER-CONSUMER MEETINGS
"SUCH ASHHOSE CALLED FOR BY SAUDI ARABIA AND FRANCE"
MIGHT CONSIDER DERFERRED PAYMENTS FOR PORTION OIL
PURCHASES: "... IF THESE MEETINGS MATERIALIZE AND
REAL GOODWILL IS EXHIBITED, IT IS NOT FAR-FETCHED TO
ASSUME THAT MANY AN ACCEPTABLE SOLUTION CAN BE FOUND.
ON THE ISSUE OF SURPLUS FUNDS AND BALANCE OF PAYMENTS
SITUATIONS, FOR EXAMPLE, IT MAY BE POSSIBLE FOR PRUDUCING
COUNTRIES TO ACCEPT PAYMENT FOR A CONSIDERABLE PORTION
OF THEIR OIL, SAY 25 PERCENT, ON A LONG-TERM BASIS.

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THIS, OF COURSE, DOES NOT REFLECT MY OR ANY OTHER PRODUCER

GOVERNMENT'S OFFICIAL POSITION; IT IS RATHER ONE OF THE MANY SOLUTIONS THAT PRODUCERS AND CONSUMERS COULD CONCEIVABLY AGREE UPON."

2. ELSEWHERE IN SPEECH AND IN FOLLOW-UP INTERVIEW WITH MEES, YAMANI SAID THAT, WHILE IT NOW POLICY TO BUILD NEW REFINING AND PTEROCHEMICAL FACILITIES IN PRODUCING COUNTRIES, SHOULD OIL INDUSTRY RESTRUCTURING NOW UNDERWAY RESULT IN INCREASED LONG-RUN PROFITABILITY FOR EXITSTING DOWNSTREAM FACILITIES, PRODUCING COUNTRIES MIGHT "REACTIVATE THEIR OLD PLANS" FOR INVESTING DOWNSTREAM: ". . . IT WOULD OBVIOUSLY BE CONTRICTORY ON OUR PART TO INVEST IN NEW REFINERIES IN THE CONSUMING AREAS, SINCE THIS WOULD UNDERMINE OUR OWN INDUSTRIALIZATION DRIVE. HOWEVER, IT MIGHT WELL PROVE ADVANTAGEIOUS FOR US TO BUY INTO EXISTING REFINERIES WITH SURPLUS CAPACITY IN THE CONSUMING AREAS, IF THE PROFIT PICTURE IS RIGHT." GODLEY

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